



Reprinted  
February 1, 2006

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## HOUSE BILL No. 1097

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DIGEST OF HB 1097 (Updated January 31, 2006 5:26 pm - DI 84)

**Citations Affected:** IC 27-1; IC 27-17.

**Synopsis:** Discount medical card programs. Provides additional continuing education credit hours for insurance producers who take certain courses. Adds two members to the insurance producer education and continuing education advisory council. Provides for registration of discount medical card program organizations. Specifies requirements for registration and conduct of a discount medical card program organization.

**Effective:** July 1, 2006.

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**Frizzell, Budak**

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January 5, 2006, read first time and referred to Committee on Public Health.  
January 25, 2006, amended, reported — Do Pass.  
January 31, 2006, read second time, amended, ordered engrossed.

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HB 1097—LS 7026/DI 97+



Reprinted  
February 1, 2006

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## HOUSE BILL No. 1097

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A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 27-1-15.7-2, AS AMENDED BY P.L.60-2005,  
2       SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2006]: Sec. 2. (a) Except as provided in subsection (b), to  
4       renew a license issued under IC 27-1-15.6:

5               (1) a resident insurance producer must complete at least forty (40)  
6               hours of credit in continuing education courses; and

7               (2) a resident limited lines producer must complete at least ten  
8               (10) hours of credit in continuing education courses.

9       An attorney in good standing who is admitted to the practice of law in  
10       Indiana and holds a license issued under IC 27-1-15.6 may complete all  
11       or any number of hours of continuing education required by this  
12       subsection by completing an equivalent number of hours in continuing  
13       legal education courses that are related to the business of insurance.

14       (b) To renew a license issued under IC 27-1-15.6, a limited lines  
15       producer with a title qualification under IC 27-1-15.6-7(a)(8) must  
16       complete at least fourteen (14) hours of credit in continuing education  
17       courses related to the business of title insurance with at least one (1)

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hour of instruction in a structured setting or comparable self-study in each of the following:

- (1) Ethical practices in the marketing and selling of title insurance.
- (2) Title insurance underwriting.
- (3) Escrow issues.
- (4) Principles of the federal Real Estate Settlement Procedures Act (12 U.S.C. 2608).

An attorney in good standing who is admitted to the practice of law in Indiana and holds a license issued under IC 27-1-15.6 with a title qualification under IC 27-1-15.6-7(a)(8) may complete all or any number of hours of continuing education required by this subsection by completing an equivalent number of hours in continuing legal education courses related to the business of title insurance or any aspect of real property law.

(c) The following insurance producers are not required to complete continuing education courses to renew a license under this chapter:

- (1) A limited lines producer who is licensed without examination under IC 27-1-15.6-18(1) or IC 27-1-15.6-18(2).
- (2) A limited line credit insurance producer.
- (3) An insurance producer who is at least seventy (70) years of age and has been a licensed insurance producer continuously for at least twenty (20) years immediately preceding the license renewal date.

(d) To satisfy the requirements of subsection (a) or (b), a licensee may use only those credit hours earned in continuing education courses completed by the licensee:

- (1) after the effective date of the licensee's last renewal of a license under this chapter; or
- (2) if the licensee is renewing a license for the first time, after the date on which the licensee was issued the license under this chapter.

(e) If an insurance producer receives qualification for a license in more than one (1) line of authority under IC 27-1-15.6, the insurance producer may not be required to complete a total of more than forty (40) hours of credit in continuing education courses to renew the license.

(f) Except as provided in subsection (g), a licensee may receive credit only for completing continuing education courses that have been approved by the commissioner under section 4 of this chapter.

(g) A licensee who teaches a course approved by the commissioner under section 4 of this chapter shall receive continuing education credit

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for teaching the course.

(h) When a licensee renews a license issued under this chapter, the licensee must submit:

(1) a continuing education statement that:

(A) is in a format authorized by the commissioner;

(B) is signed by the licensee under oath; and

(C) lists the continuing education courses completed by the licensee to satisfy the continuing education requirements of this section; and

(2) any other information required by the commissioner.

(i) A continuing education statement submitted under subsection (h) may be reviewed and audited by the department.

(j) A licensee shall retain a copy of the original certificate of completion received by the licensee for completion of a continuing education course.

**(k) A licensee who completes a continuing education course that:**

**(1) is approved by the commissioner under section 4 of this chapter;**

**(2) is held in a classroom setting; and**

**(3) concerns ethics;**

**shall receive continuing education credit for the number of hours for which the course is approved plus additional hours, not to exceed two (2) hours in a renewal period, equal to the number of hours for which the course is approved.**

SECTION 2. IC 27-1-15.7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 6. (a) As used in this section, "council" refers to the insurance producer education and continuing education advisory council created under subsection (b).

(b) The insurance producer education and continuing education advisory council is created within the department. The council consists of the commissioner and ~~thirteen (13)~~ **fifteen (15)** members appointed by the governor as follows:

(1) Two (2) members recommended by the Professional Insurance Agents of Indiana.

(2) Two (2) members recommended by the Independent Insurance Agents of Indiana.

(3) Two (2) members recommended by the Indiana Association of Insurance and Financial Advisors.

**(4) Two (2) members recommended by the Indiana State Association of Health Underwriters.**

~~(4)~~ **(5)** Two (2) representatives of direct writing or exclusive producer's insurance companies.

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~~(5)~~ (6) One (1) representative of the Association of Life Insurance Companies.

~~(6)~~ (7) One (1) member recommended by the Insurance Institute of Indiana.

~~(7)~~ (8) One (1) member recommended by the Indiana Land Title Association.

~~(8)~~ (9) Two (2) other individuals.

(c) Members of the council serve for a term of three (3) years. Members may not serve more than two (2) consecutive terms.

(d) Before making appointments to the council, the governor must:

(1) solicit; and

(2) select appointees to the council from;

nominations made by organizations and associations that represent individuals and corporations selling insurance in Indiana.

(e) The council shall meet at least semiannually.

(f) A member of the council is entitled to the minimum salary per diem provided under IC 4-10-11-2.1(b). A member is also entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the state department of administration and approved by the state budget agency.

(g) The council shall review and make recommendations to the commissioner with respect to course materials, curriculum, and credentials of instructors of each prelicensing course of study for which certification by the commissioner is sought under section 5 of this chapter and shall make recommendations to the commissioner with respect to educational requirements for insurance producers.

(h) A member of the council or designee of the commissioner shall be permitted access to any classroom while instruction is in progress to monitor the classroom instruction.

(i) The council shall make recommendations to the commissioner concerning the following:

(1) Continuing education courses for which the approval of the commissioner is sought under section 4 of this chapter.

(2) Rules proposed for adoption by the commissioner that would affect continuing education.

SECTION 3. IC 27-17 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]:

## **ARTICLE 17. DISCOUNT MEDICAL CARD PROGRAM ORGANIZATIONS**

### **Chapter 1. Definitions**

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1       Sec. 1. The definitions in this chapter apply throughout this  
2 article.

3       Sec. 2. "Cardholder" means a person that pays consideration  
4 for the right to participate in a discount medical card program.

5       Sec. 3. "Commissioner" refers to the insurance commissioner  
6 appointed under IC 27-1-1-2.

7       Sec. 4. "Department" refers to the department of insurance  
8 created by IC 27-1-1-1.

9       Sec. 5. "Discount medical card program" means a program  
10 through which a discount medical card program organization  
11 provides, in exchange for consideration, a cardholder with access  
12 to medical services provided by a program provider under a  
13 provider agreement. The term does not include:

- 14       (1) a policy or contract regulated under this title; or
- 15       (2) self-funded coverage regulated under the federal
- 16       Employee Retirement Income Security Act of 1974 (29 U.S.C.
- 17       1001 et seq.).

18       Sec. 6. (a) "Discount medical card program organization"  
19 means a person that:

- 20       (1) negotiates and enters into provider agreements; and
- 21       (2) in exchange for consideration, provides cardholders with
- 22       a right of access to the discounted prices available under the
- 23       provider agreements entered into under subdivision (1).

24       (b) The term does not include the following:

- 25       (1) An insurance company, or an affiliate (as defined in
- 26       IC 27-1-12-2) of an insurance company, that is regulated
- 27       under this title.
- 28       (2) A health maintenance organization, or an affiliate (as
- 29       defined in IC 27-1-12-2) of a health maintenance organization,
- 30       that is regulated under this title.
- 31       (3) A limited service health maintenance organization, or an
- 32       affiliate (as defined in IC 27-1-12-2) of a limited service health
- 33       maintenance organization, that is regulated under this title.

34       Sec. 7. "Marketer" means a person that markets, promotes,  
35 sells, or distributes a discount medical card program. The term  
36 includes a person that markets or distributes a discount medical  
37 card program under the person's own name, but does not operate  
38 a discount medical card program.

39       Sec. 8. (a) "Medical service" means care, service, or treatment  
40 related to:

- 41       (1) an illness or a dysfunction of; or
- 42       (2) injury to;

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the human body.

(b) The term includes physician care, inpatient care, hospital services, surgical services, emergency services, ambulance services, dental care services, vision care services, mental health services, substance abuse services, chiropractic services, podiatric care services, laboratory services, radiology services, and medical equipment and supplies.

(c) The term does not include pharmaceutical supplies or prescriptions.

Sec. 9. "Person" means an individual or a business entity.

Sec. 10. "Program provider" means a provider that has, individually or through a provider network, entered into a provider agreement with a discount medical card program organization.

Sec. 11. "Provider" means a person that is licensed under Indiana law to provide medical services.

Sec. 12. "Provider agreement" means a written agreement between a discount medical card program organization and a:

(1) provider; or

(2) provider network;

for the provider or providers that belong to the provider network to render medical services to cardholders at discounted rates.

Sec. 13. "Provider network" means a group of two (2) or more providers that is represented by a person for purposes of negotiations with third parties.

Sec. 14. "Service area" means a geographic area within a radius of sixty (60) miles from the home or place of business of a cardholder.

## **Chapter 2. Registration of Discount Medical Card Program Organizations**

Sec. 1. A discount medical card program organization may not transact business in Indiana unless the discount medical card program organization is:

(1) authorized to transact business in Indiana; and

(2) registered under this chapter.

Sec. 2. (a) An application for registration to operate as a discount medical card program organization must be filed with the department on a form prescribed by the department.

(b) An application filed under subsection (a) must be:

(1) sworn to by an officer or authorized representative of the applicant; and

(2) accompanied by the following:

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- 1 (A) A copy of the applicant's organizational documents,  
2 such as articles of incorporation, including all  
3 amendments.
- 4 (B) A copy of the applicant's bylaws or other enabling  
5 documents that establish the organizational structure and  
6 governance of the applicant.
- 7 (C) A list of the names, addresses, official positions, and  
8 biographical information of each individual responsible for  
9 conducting the applicant's affairs, including each:  
10 (i) member of the board of directors, board of trustees,  
11 executive committee, or other governing board or  
12 committee; and  
13 (ii) officer.
- 14 (D) A statement generally describing the applicant, the  
15 applicant's facilities and personnel, and the medical  
16 services for which discounts will be available.
- 17 (E) A complete list of all program providers available to  
18 Indiana cardholders.
- 19 (F) A copy of the form of any contract or arrangement  
20 between the applicant and a person listed in clause (C).
- 21 (G) A copy of the form of any contract between the  
22 applicant and a person for the performance on the  
23 applicant's behalf of any function, including marketing,  
24 administration, enrollment, investment management, and  
25 contracting for the provision of medical services to  
26 cardholders.
- 27 (H) A description of the proposed method of marketing.
- 28 (I) A toll free telephone number for program providers  
29 and cardholders to contact the applicant at least forty (40)  
30 hours per week during normal business hours.
- 31 (J) A copy of the applicant's cancellation and refund  
32 policy.
- 33 (K) A description of program provider and cardholder  
34 complaint procedures.
- 35 (L) The name and address of the applicant's agent for  
36 service of process, notice or demand, or an executed power  
37 of attorney appointing the commissioner as the attorney of  
38 the applicant in Indiana for service of process for a cause  
39 of action arising in Indiana.
- 40 (M) Other information the commissioner reasonably  
41 requires to make the determinations required under this  
42 chapter.

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1        **Sec. 3. (a) The fee for issuance of a registration under this**  
 2 **chapter is five hundred dollars (\$500).**

3        **(b) A registration issued or renewed under this chapter expires**  
 4 **one (1) year from the date of issuance or renewal.**

5        **(c) The fee for renewal of a registration under this chapter is**  
 6 **two hundred fifty dollars (\$250).**

7        **(d) The department shall renew a registration issued under this**  
 8 **chapter if:**

9            **(1) the fee specified under subsection (c) is paid; and**

10           **(2) the commissioner is satisfied that the discount medical**  
 11 **card program organization is in compliance with this article.**

12        **(e) Fees collected under this section must be deposited in the**  
 13 **department of insurance fund established by IC 27-1-3-28.**

14        **Sec. 4. This article does not require a provider that provides**  
 15 **discounted prices for medical services to the provider's patients to**  
 16 **be registered under this chapter.**

17        **Sec. 5. A provider or a business entity owned by at least one (1)**  
 18 **provider that:**

19           **(1) is owned by one (1) or more providers; and**

20           **(2) contracts with employers or health plans to provide**  
 21 **medical services;**

22 **is not required to register under this chapter.**

23        **Chapter 3. Examinations and Investigations**

24        **Sec. 1. (a) The department may examine or investigate the**  
 25 **business and affairs of a discount medical card program**  
 26 **organization.**

27        **(b) The department may:**

28           **(1) order a discount medical card program organization or**  
 29 **applicant for registration under IC 27-17-2 to produce**  
 30 **records, books, files, advertising and solicitation materials,**  
 31 **and other information; and**

32           **(2) take statements under oath to determine whether the**  
 33 **discount medical card program organization or applicant is**  
 34 **in violation of the law or is acting contrary to the public**  
 35 **interest.**

36        **(c) A discount medical card program organization or applicant**  
 37 **that is examined or investigated under this chapter shall pay any**  
 38 **expense incurred in conducting the examination or investigation.**

39        **Sec. 2. A discount medical card program organization's failure**  
 40 **to:**

41           **(1) comply with an action of the department under section 1**  
 42 **of this chapter; or**

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(2) pay expenses incurred under section 1 of this chapter;  
is grounds for denial or revocation of a of registration issued under  
IC 27-17-2.

#### Chapter 4. Prohibited Activities

Sec. 1. A discount medical card program organization may not  
do the following:

(1) Use the following in the discount medical card program  
organization's advertisements, marketing materials,  
brochures, or discount cards:

(A) The term "insurance", except as otherwise provided in  
this article.

(B) The terms "health plan", "coverage", "copay",  
"copayment", "preexisting condition", "guaranteed  
issue", "portability", "premium", "underwriting", or  
another term that could reasonably mislead a person to  
believe that a discount medical card program is health  
insurance.

(2) Implement restrictions on cardholder access to program  
providers, including waiting periods and notification periods.

(3) Pay a provider a fee for medical services.

(4) Collect or accept money from a cardholder for payment to  
a provider for medical services furnished to the cardholder  
unless the discount medical card program organization is an  
administrator licensed under IC 27-1-25.

(5) Make misleading, deceptive, or fraudulent representations  
regarding the discount, range of discounts, or access to the  
range of discounts offered by the discount medical card  
program.

(6) List, market, promote, or advertise a provider as a  
program provider without the express written consent of the  
provider.

#### Chapter 5. Disclosures

Sec. 1. (a) A discount medical card program organization shall  
make to a prospective cardholder, and print on the first page of  
advertisements, marketing materials, and brochures relating to a  
discount medical card program, the following written disclosures:

(1) That the discount medical card program is not health  
insurance.

(2) That the discount medical card program provides  
discounts for medical services rendered by program  
providers.

(3) That the discount medical card program does not make

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1 payments to providers.

2 (4) That the discount medical card program makes available,  
3 before purchase and upon request, a list of program  
4 providers, including the:

5 (A) name;

6 (B) city;

7 (C) state; and

8 (D) specialty;

9 of each program provider that is located in the prospective  
10 cardholder's service area.

11 (5) That the cardholder:

12 (A) is obligated to pay for all medical services; and

13 (B) will receive a discount from a program provider.

14 (6) The name and the locations of the discount medical card  
15 program organization and the corresponding customer  
16 service toll free telephone number.

17 (b) The disclosures made under subsection (a) must be printed  
18 in at least 12 point type.

19 (c) The front of an identification card or other materials  
20 designed to identify an individual as a cardholder must include, in  
21 boldface, 8 point type, the statement "This is not insurance".

22 Sec. 2. (a) A person that wishes to be a cardholder of a discount  
23 medical card program shall enter into a written agreement with  
24 the discount medical card program organization.

25 (b) A written agreement entered into under subsection (a) must:

26 (1) specify the cardholder's benefits under the discount  
27 medical card program;

28 (2) specify excluded medical services;

29 (3) specify that the discount medical card program  
30 organization will continuously make available to the  
31 cardholder, through a toll free telephone number, the  
32 Internet, or in writing upon request, the:

33 (A) name;

34 (B) address;

35 (C) telephone number; and

36 (D) specialty;

37 of each program provider in the cardholder's service area;  
38 and

39 (4) comply with the disclosure requirements specified under  
40 section 1 of this chapter.

41 Sec. 3. A marketing organization that is wholly owned by an  
42 insurer or a health maintenance organization granted a certificate

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of authority under this title shall disclose the marketing organization's parent company affiliation in all marketing and membership materials.

#### Chapter 6. Filings

Sec. 1. Before using an advertisement, marketing materials, or a brochure, a discount medical card program organization shall file the advertisement, marketing materials, or brochure with the commissioner and:

- (1) obtain the commissioner's approval for use; or
  - (2) wait at least sixty (60) days after filing and receive no notice of the commissioner's disapproval;
- of the advertisement, marketing materials, or brochure.

Sec. 2. (a) The commissioner shall:

- (1) notify a discount medical card program organization of the commissioner's approval or disapproval of a filing under section 1 of this chapter; and
- (2) specify in the notice the reason for a disapproval.

(b) A discount medical card program organization that receives a notice of disapproval under subsection (a) may, not more than twenty-one (21) days after the date the discount medical card program organization receives the notice, request a hearing under IC 4-21.5.

#### Chapter 7. Annual Reports

Sec. 1. A discount medical card program organization shall file an annual report with the department not later than three (3) months after the end of the discount medical card program organization's fiscal year.

Sec. 2. A report filed under section 1 of this chapter must be on a form prescribed by the commissioner and must include the following:

(1) A:

(A) list of the name and residence address of each individual responsible for conducting the discount medical card program organization's affairs, including:

- (i) each member of the board of directors, board of trustees, executive committee, or other governing board or committee; and
- (ii) each officer; and

(B) disclosure of the extent and nature of any contract or arrangement between each individual listed under clause (A) and the discount medical card program organization, including possible conflicts of interest.

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(2) The number of cardholders of the discount medical card program organization's discount medical card program.

**Sec. 3. (a)** The department shall notify a discount medical card program organization that is not in compliance with this chapter.

(b) A discount medical card program organization that fails to file an annual report as required under this chapter shall pay to the department for deposit in the department of insurance fund established by IC 27-1-3-28:

(1) five hundred dollars (\$500) per day for the first ten (10) days of noncompliance; and

(2) one thousand dollars (\$1,000) per day for the eleventh day and each subsequent day of noncompliance.

(c) Upon receiving notice under subsection (a), a discount medical card program organization's registration is suspended until the commissioner determines that the discount medical card program organization is in compliance with this chapter.

#### **Chapter 8. Cancellation**

**Sec. 1. (a)** A written agreement entered into under IC 27-17-5-2 may be canceled for any reason by the cardholder within:

(1) thirty (30) days after the date the cardholder's identification card is delivered; or

(2) a period that exceeds the period specified in subdivision (1), as provided in the written agreement.

(b) A cardholder that cancels a written agreement under subsection (a) shall receive a full refund of all fees paid by the cardholder, less nominal fees associated with the enrollment cost of the identification card.

**Sec. 2.** A discount medical card program organization:

(1) shall ensure that a cardholder receives, with the cardholder's identification card, notice that the written agreement may be canceled as provided in section 1 of this chapter; and

(2) may not charge or collect a fee, including a cancellation fee, after a cardholder provides notice to the discount medical card program organization of the cardholder's intention to cancel the written agreement under section 1 of this chapter.

**Sec. 3.** A written agreement that is:

(1) entered into under IC 27-17-5-2; and

(2) canceled as provided in section 1 of this chapter;

is void from the date the written agreement is entered into.

#### **Chapter 9. Financial Requirements**

**Sec. 1.** This chapter does not apply to a person that is exempt

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from registration under IC 27-17-2.

**Sec. 2.** Except as provided in section 3 of this chapter, a discount medical card program organization shall maintain in force a surety bond issued:

- (1) by an insurer granted a certificate of authority under this title;
- (2) in the discount medical card organization's name; and
- (3) in an amount equal to at least thirty-five thousand dollars (\$35,000);

for the commissioner's use in protecting the financial interest of a cardholder who may be adversely affected by the insolvency of the discount medical card program organization.

**Sec. 3.** (a) A discount medical card program organization may, instead of maintaining a surety bond under section 2 of this chapter, maintain a deposit with:

- (1) the commissioner; or
- (2) at the discretion of the commissioner, an organization or a trustee approved by the commissioner and using a custodial or controlled account;

cash, securities, a combination of cash and securities, or another measure approved by the commissioner and having at all times a market value equal to at least thirty-five thousand dollars (\$35,000).

(b) Income that results from a deposit made under subsection (a) is an asset of the discount medical card program organization.

**Sec. 4.** Assets or securities held in Indiana as a deposit under this chapter are not subject to levy by a judgment creditor or other claimant, except the commissioner, against the discount medical card program organization.

#### **Chapter 10. Suspension or Revocation of License**

**Sec. 1.** The department may suspend or revoke a discount medical card program organization's registration or order compliance if the department finds any of the following:

- (1) The discount medical card program organization is not in compliance with this article.
- (2) The discount medical card program organization is not in compliance with the financial requirements of IC 27-17-9.
- (3) The discount medical card program organization has:
  - (A) advertised, marketed, or attempted to market the discount medical card program organization's services in such a manner as to misrepresent the discount medical card program organization's services or capacity for

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1 service; or

2 (B) engaged in deceptive, misleading, or unfair practices  
3 with respect to advertising or marketing.

4 (4) The discount medical card program organization is not  
5 fulfilling the discount medical card program organization's  
6 obligations as a discount medical card program organization.

7 (5) The continued operation of the discount medical card  
8 program organization would be hazardous to the discount  
9 medical card program organization's cardholders.

10 Sec. 2. If the department has cause to believe that grounds for  
11 the suspension or revocation of a registration under this article  
12 exist, the department shall:

13 (1) notify the discount medical card program organization in  
14 writing specifically stating the grounds for suspension or  
15 revocation; and

16 (2) pursue a hearing under IC 4-21.5.

17 Sec. 3. Upon the effective date of the surrender or revocation of  
18 a discount medical card program organization's registration, the  
19 discount medical card program organization shall conclude the  
20 discount medical card program organization's affairs transacted  
21 under the registration. The discount medical card program  
22 organization may not engage in any further advertising,  
23 solicitation, collection of consideration, or renewal of agreements.

24 Sec. 4. (a) If the department suspends the registration of a  
25 discount medical card program organization, the department must  
26 specify in the order of suspension the:

27 (1) period during which the suspension is in effect; and

28 (2) conditions that must be met by the discount medical card  
29 program organization before the registration is reinstated.

30 (b) An order of suspension may be rescinded or modified by  
31 further order of the department before the expiration of the  
32 suspension period specified under subsection (a).

33 (c) The department may not reinstate a suspended registration  
34 unless reinstatement is requested by the discount medical card  
35 program organization.

36 (d) The department may not reinstate a suspended registration  
37 if the department determines that the circumstances for which the  
38 suspension occurred continue to exist or are likely to recur.

39 Sec. 5. On the date that a discount medical card program  
40 organization receives notice from the department that the discount  
41 medical card program organization's registration is suspended, the  
42 discount medical card program organization shall:

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- (1) cease to enroll new cardholders;
- (2) honor discounts for existing cardholders for expenses incurred before and on the date of suspension;
- (3) discontinue collection of fees from existing cardholders after the date of suspension; and
- (4) refund fees collected from existing cardholders after the date of suspension.

#### **Chapter 11. Notice of Change of Name or Address**

**Sec. 1.** A discount medical card program organization shall notify the department of a change of the discount medical card program organization's name, address, principal business address, or mailing address at least thirty (30) days before the change occurs.

#### **Chapter 12. Marketing of Discount Medical Card Programs**

**Sec. 1.** A discount medical card program organization shall approve in writing all advertisements, marketing materials, brochures, and discount cards before the advertisements, marketing materials, brochures, and discount cards are used by marketers.

**Sec. 2.** A discount medical card program organization:

- (1) shall enter into a written agreement with a marketer before the marketer may begin marketing, promoting, selling, or distributing the discount medical card program; and
- (2) is responsible and financially liable for any acts of the discount medical card program organization's marketers that do not comply with this article.

#### **Chapter 13. Rulemaking**

**Sec. 1.** The department may adopt rules under IC 4-22-2 to implement this article.

#### **Chapter 14. Violations**

**Sec. 1.** The department may impose a civil penalty of:

- (1) at least five hundred dollars (\$500); and
- (2) not more than fifty thousand dollars (\$50,000);

for a violation of this article.

**Sec. 2.** IC 27-4-5 applies to a discount medical card program organization that operates without registration under this article as if the discount medical card program organization were an unauthorized insurer.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1097, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 27-1-15.7-2, AS AMENDED BY P.L.60-2005, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. (a) Except as provided in subsection (b), to renew a license issued under IC 27-1-15.6:

- (1) a resident insurance producer must complete at least forty (40) hours of credit in continuing education courses; and
- (2) a resident limited lines producer must complete at least ten (10) hours of credit in continuing education courses.

An attorney in good standing who is admitted to the practice of law in Indiana and holds a license issued under IC 27-1-15.6 may complete all or any number of hours of continuing education required by this subsection by completing an equivalent number of hours in continuing legal education courses that are related to the business of insurance.

(b) To renew a license issued under IC 27-1-15.6, a limited lines producer with a title qualification under IC 27-1-15.6-7(a)(8) must complete at least fourteen (14) hours of credit in continuing education courses related to the business of title insurance with at least one (1) hour of instruction in a structured setting or comparable self-study in each of the following:

- (1) Ethical practices in the marketing and selling of title insurance.
- (2) Title insurance underwriting.
- (3) Escrow issues.
- (4) Principles of the federal Real Estate Settlement Procedures Act (12 U.S.C. 2608).

An attorney in good standing who is admitted to the practice of law in Indiana and holds a license issued under IC 27-1-15.6 with a title qualification under IC 27-1-15.6-7(a)(8) may complete all or any number of hours of continuing education required by this subsection by completing an equivalent number of hours in continuing legal education courses related to the business of title insurance or any aspect of real property law.

(c) The following insurance producers are not required to complete continuing education courses to renew a license under this chapter:

- (1) A limited lines producer who is licensed without examination

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under IC 27-1-15.6-18(1) or IC 27-1-15.6-18(2).

(2) A limited line credit insurance producer.

(3) An insurance producer who is at least seventy (70) years of age and has been a licensed insurance producer continuously for at least twenty (20) years immediately preceding the license renewal date.

(d) To satisfy the requirements of subsection (a) or (b), a licensee may use only those credit hours earned in continuing education courses completed by the licensee:

(1) after the effective date of the licensee's last renewal of a license under this chapter; or

(2) if the licensee is renewing a license for the first time, after the date on which the licensee was issued the license under this chapter.

(e) If an insurance producer receives qualification for a license in more than one (1) line of authority under IC 27-1-15.6, the insurance producer may not be required to complete a total of more than forty (40) hours of credit in continuing education courses to renew the license.

(f) Except as provided in subsection (g), a licensee may receive credit only for completing continuing education courses that have been approved by the commissioner under section 4 of this chapter.

(g) A licensee who teaches a course approved by the commissioner under section 4 of this chapter shall receive continuing education credit for teaching the course.

(h) When a licensee renews a license issued under this chapter, the licensee must submit:

(1) a continuing education statement that:

(A) is in a format authorized by the commissioner;

(B) is signed by the licensee under oath; and

(C) lists the continuing education courses completed by the licensee to satisfy the continuing education requirements of this section; and

(2) any other information required by the commissioner.

(i) A continuing education statement submitted under subsection (h) may be reviewed and audited by the department.

(j) A licensee shall retain a copy of the original certificate of completion received by the licensee for completion of a continuing education course.

**(k) A licensee who completes a continuing education course that:**

**(1) is approved by the commissioner under section 4 of this chapter;**

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**(2) is held in a classroom setting; and**

**(3) concerns ethics;**

**shall receive continuing education credit for the number of hours for which the course is approved plus additional hours, not to exceed two (2) hours in a renewal period, equal to the number of hours for which the course is approved.**

SECTION 2. IC 27-1-15.7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 6. (a) As used in this section, "council" refers to the insurance producer education and continuing education advisory council created under subsection (b).

(b) The insurance producer education and continuing education advisory council is created within the department. The council consists of the commissioner and ~~thirteen (13)~~ **fifteen (15)** members appointed by the governor as follows:

(1) Two (2) members recommended by the Professional Insurance Agents of Indiana.

(2) Two (2) members recommended by the Independent Insurance Agents of Indiana.

(3) Two (2) members recommended by the Indiana Association of Insurance and Financial Advisors.

**(4) Two (2) members recommended by the Indiana State Association of Health Underwriters.**

~~(4)~~ **(5)** Two (2) representatives of direct writing or exclusive producer's insurance companies.

~~(5)~~ **(6)** One (1) representative of the Association of Life Insurance Companies.

~~(6)~~ **(7)** One (1) member recommended by the Insurance Institute of Indiana.

~~(7)~~ **(8)** One (1) member recommended by the Indiana Land Title Association.

~~(8)~~ **(9)** Two (2) other individuals.

(c) Members of the council serve for a term of three (3) years. Members may not serve more than two (2) consecutive terms.

(d) Before making appointments to the council, the governor must:

(1) solicit; and

(2) select appointees to the council from;

nominations made by organizations and associations that represent individuals and corporations selling insurance in Indiana.

(e) The council shall meet at least semiannually.

(f) A member of the council is entitled to the minimum salary per diem provided under IC 4-10-11-2.1(b). A member is also entitled to reimbursement for traveling expenses and other expenses actually

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incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the state department of administration and approved by the state budget agency.

(g) The council shall review and make recommendations to the commissioner with respect to course materials, curriculum, and credentials of instructors of each prelicensing course of study for which certification by the commissioner is sought under section 5 of this chapter and shall make recommendations to the commissioner with respect to educational requirements for insurance producers.

(h) A member of the council or designee of the commissioner shall be permitted access to any classroom while instruction is in progress to monitor the classroom instruction.

(i) The council shall make recommendations to the commissioner concerning the following:

- (1) Continuing education courses for which the approval of the commissioner is sought under section 4 of this chapter.
- (2) Rules proposed for adoption by the commissioner that would affect continuing education."

Page 2, line 7, after "6." insert "(a)".

Page 2, between lines 12 and 13, begin a new paragraph and insert:

**"(b) The term does not include the following:**

- (1) An insurance company, or an affiliate of an insurance company, that is regulated under this title.**
- (2) A health maintenance organization, or an affiliate of a health maintenance organization, that is regulated under this title."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1097 as introduced.)

BROWN T, Chair

Committee Vote: yeas 10, nays 0.

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## HOUSE MOTION

Mr. Speaker: I move that House Bill 1097 be amended to read as follows:

Page 5, line 25, after "affiliate" insert **"(as defined in IC 27-1-12-2)"**.

Page 5, line 27, after "affiliate" insert **"(as defined in**

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**IC 27-1-12-2)".**

Page 5, between lines 29 and 30, begin a new line block indented and insert:

**"(3) A limited service health maintenance organization, or an affiliate (as defined in IC 27-1-12-2) of a limited service health maintenance organization, that is regulated under this title."**

Page 8, line 13, delete "marketing organization" and insert **"provider or a business entity owned by at least one (1) provider"**.

Page 8, line 13, after "that" insert ":

**(1)"**.

Page 8, line 13, delete "wholly".

Page 8, line 13, delete "an" and insert **"one (1) or more providers; and"**.

Page 8, delete line 14, begin a new line block indented and insert:

**"(2) contracts with employers or health plans to provide medical services;"**.

Page 8, line 15, delete "of authority under this title".

Page 8, line 15, beginning with "is" begin a new line blocked left.

Page 9, between lines 22 and 23, begin a new line block indented and insert:

**"(6) List, market, promote, or advertise a provider as a program provider without the express written consent of the provider."**

(Reference is to HB 1097 as printed January 26, 2006.)

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